C5150-2

The newspaper of drug store retailing

July 15, 1991

DRUG STORE NEWS

Vol. 13 No. 13

A Lebhar-Friedman publication

LATE NEWS

•TWINSBURG, Ohio — Revco's purchase of 31 former Peoples drug stores from CVS became official July 2 following government and bankruptcy court approvals. The sale gives Revco 29 more units in Virginia—most in the Tidewater region—and two in North Carolina. Purchase price for stores, fixtures and inventories was over $10 million, according to a Revco source.

FEATURES

Marketplace gets straight As

Retailers and suppliers in attendance gave high grades to the fifth annual NACDS Marketplace. **Page 3.**

New strategies spark GM mix

Smart merchandising keeps candy, hosiery, pictu… albums ste… …ers at cha…

Drug Store News
Box 3116, Grand Central Station, New York, N.Y. 10164-0659

SECOND CLASS

Phar-Mor secures $200M infusion

By James Frederick

YOUNGSTOWN, Ohio — Phar-Mor has sold a 17 percent ownership stake to an investment group for $200 million in a private placement, marking a significant move beyond its closely held roots.

Phar-Mor announced June 27 that it had sold a $200 million equity investment in the form of common stock and warrants to Corporate Partners, a $1.6 billion fund affiliated with Lazard Freres & Co. The deal makes the investment firm a major partner in Phar-Mor's future development, and gives its managing director, Jonathan Kagan, a seat on Phar-Mor's board of directors.

Lazard also acts as financial advisor to Revco D.S.

The entry of a new partner dilutes somewhat the equity stake held by Giant Eagle Corp. and other early Phar-Mor investors, particularly since $125 million of the purchase sum will be used "to increase the company's equity base," according to Phar-Mor. But the sale gives Phar-Mor a much-needed infusion of cash at a time when its rapid growth has at times almost outpaced its ability to generate sufficient operating and growth capital.

The company's cash-flow and profitability have been the subject of speculation, particularly among vendors who chafe at Phar-Mor's aggressive dealmaking and payment practices. That speculation turned intense earlier this year after several vendors temporarily cut off shipments to some stores. Problems with

See **Phar-Mor** *on page 29*

Thrifty Drug sets out to remake its image

By David Vaczek

LOS ANGELES — Thrifty Drug is rolling out a remodel featuring highlighted core departments and lower prices, Eve Rich, Thrifty Drug president told *Drug Store News*.

Calling its new approach "more in tune with the California customer," Rich said it will focus more closely on the female shopper, in response to findings of an extensive consumer research study completed recently by Management Horizons.

"It's not a totally new prototype. That will happen next year. But if you walk in you will say, 'this is not the old Thrifty,' " said Rich, the former merchant of womens' fashions who was named president in December.

A key feature of the new store, Rich said, will be lower pricing that signals value to the consumer. "We want to be known for value. I think our prices were higher than they should have been. We've adjusted prices throughout the chain," Rich said.

Also, certain departments will be set up as "shops" with broader assortment. Stores will have "a drug store core, with destination worlds around it," said Rich, adding that the mix in featured departments will be "superior to our competition."

Vendors of the 622-drug store chain are behind the changes, which follow the replacement of many top Thrifty executives during the past 12 months, and the search by parent Pacific Enterprises for a new retailing focus.

"The overall goal is a good one; they are trying to change Thrifty's image," said one supplier.

"Management Horizons

See **Thrifty** *page 29*

Thrifty Drug has a test under way in 35 San Diego stores that incorporates lower prices on 3,500 SKUs with higher levels of in-store service.

A.L. Price in top ranks with Freddy's buy

RYE, N.Y. — The planned purchase of Freddy's Deep Discount Drug Stores from Melville Corp. will thrust A.L. Price into the upper ranks of off-price retailing and nearly triple its sales and store count.

The deal, announced June 21 and expected to close by September, will also boost A.L. Price well outside its Detroit-area confines. Chain president Bill Edwards has reportedly sealed an agreement to purchase 25 of the 29 Freddy's units, including those based in and around Freddy's home base of Rochester, N.Y. and all units in south Florida. The Richmond, Va. Freddy's stores weren't part of the agreement, a source said.

Eckerd bid for Revco gets 'thumbs down'

TWINSBURG, Ohio — The board of directors and some creditors of Revco D.S. have rejected an unsolicited buyout proposal from Jack Eckerd Corp. first presented in mid-May.

"Eckerd's expression of interest . . . was discussed with Revco's banks and official creditor committees in terms of whether it might reasonably serve as a basis for a plan of reorganization, and was considered by Revco's board of directors at its meeting on June 6," Revco reported in a statement. "These constituencies concluded the expression of interest provided insufficient value to warrant further discussions at this time."

Under bankruptcy protection, Revco's own efforts to arrive at a reorganization plan that would leave it intact and independent take precedence over outside expressions of interest. Thus, the company need take no immediate action in response to Eckerd's proposal.

Eckerd was offering an undisclosed amount of cash and stock for Revco, with a total value probably well under $1 billion. Interest in Revco has also surfaced again from at least one other former bidder, the Bass/Acadia Partners investment group, whose earlier bid was also dismissed more than a year ago.

See **Revco** *page 29*

Thrift buys Health Mart from CVS

PITTSBURGH — CVS is selling the 33-store Health Mart division to pull out of western Pennsylvania. Thrift Drug will buy the assets of 31 of the HBA and drug stores, strengthening its presence in and around this city.

Thrift said it will keep 26 stores open, including 13 with pharmacies. Thrift will buy the assets but won't assume the leases on five other Health Marts, which will be closed.

Two remaining Health Marts being sold by CVS were purchased by Robert and Dolores Gabler, the Health Mart chain's founders, who are going back into business for themselves.

The JC Penney-subsidiary, in a deal scheduled at press

See **Thrift** *page 29*

NEWS IN BRIEF

Bergen Brunswig: Raley's wholesaler

SACRAMENTO — Raley's, a 64-store combo operator based here, recently severed a 30-year relationship with McKesson Drug and picked Bergen Brunswig as its primary wholesaler for pharmaceuticals, OTCs, HBA and selected sundries and general merchandise. The two-year agreement took effect May 1, and the changeover is under way.

Monus ready to play ball

YOUNGSTOWN, Ohio — Michael Monus, president of fast-track Phar-Mor, is apparently driven by two loves: his torrid drug chain and sports. And he promises he can manage both.

He told *Drug Store News* he feels his part in the planned purchase of a National League baseball franchise for Denver won't interfere with Phar-Mor. "This is a personal investment. I'm going to continue to stay in Youngstown," said Monus.

Monus is one of three managing general partners leading 14 investors who will pay $95 million for the franchise.

The award to the investors still required one more vote at press time. An expansion committee and panels representing National and American League team owners have endorsed new teams for Denver and Miami. But American League owners still have "questions about some of the logistics of expansion," said Katy Feeney, vp-media and public affairs, National League.

Monus' two other managing partners are John Antonucci, head of the Superior Beverage Corp., Youngstown, and Steve Ehrhart, commissioner of the World Basketball League, Monus said.

Price Chopper accepts batteries

SCHENECTADY, N.Y. — Five Price Chopper stores in Schenectady County are now dropoff sites for household batteries.

The county, which asked the supermarket and combo chain to participate in the program, handles the pickup from the stores and deals with the refiner, said a Price Chopper spokeswoman. The collection containers, which Price Chopper designed and put at service desks, are "well-used. . . It's a nice partnership," she said of the program, which began in late March.

American Stores caps sales

SALT LAKE CITY — Sales of two big blocks of drug stores and supermarkets have been finalized in recent weeks, marking a probable end to major divestitures by American Stores.

The company's American Drug Stores subsidiary completed the sale of 51 Osco drug stores to Pay Less Drug Stores over a two-week period in mid-June. The $60 million deal includes all 30 Osco stores in Colorado, as well as 20 Oscos in Utah and a single unit in Wyoming. It gives Pay Less a powerful entry into the Denver and Salt Lake City markets and boosts Pay Less store count to 378 units in 11 western states.

In mid-June American Stores also completed the sale of 142 Alpha Beta supermarkets in Southern California to Food 4 Less for $251 million. Under terms of a divestiture agreement worked out with the California attorney general, American retained 15 of its original Alpha Beta stores in San Diego County and will operate those units as Lucky stores.

Arbor readies new Michigan units

TROY, Mich. — Arbor Drugs is nearing completion of three new drug stores in southeastern Michigan which will bring store count to 116 by the end of the summer. The new units, ranging in size from 10,475 to 10,700 square feet, will open in the communities of Southgate, Utica and Mt. Clemens.

IN THIS ISSUE

FEATURES

Annual Report Quiz Winners . . 9
NACDS Marketplace photo coverage 10-11
AHBAI picture page 28

GENERAL MERCHANDISE

Candy 13-14
Picture Frames and Albums . 18
Pantyhose 20-22

HEALTH AND BEAUTY AIDS

Beauty Beat 26-27
Category in Motion 26-27

DEPARTMENTS

Opinion 4
In the Market 4
Washington Perspective 4
Greenscape 6
People in the News 24-25
Finance 30

American focuses growth on successful drug division

By James Frederick

SALT LAKE CITY — With its downsizing efforts and management changes largely behind it and earnings on a healthy upswing, American Stores will focus hard on growing its drug store business, president and ceo Jonathan Scott told *Drug Store News*.

"It's a good business for us to be in," Scott said in an interview following the company's annual meeting here June 18. "Basically, our [store] divestiture program is pretty much over. . . and hopefully, our capital spending [for new stores] will increase."

American Drug Stores chairman, president and ceo Dave Maher added that "large asset sales" like the recent sale of 51 Osco drug stores to Pay Less Drug Stores were largely a thing of the past, as were most of the sweeping management shifts that have taken place at the drug store division.

"We're very satisfied with top management now," Maher told *Drug Store News*. "We spent the last year-and-a-half putting that team in place . . .and we feel we're through with the big management shifts."

Maher, a former division vp out of Denver who replaced former American Drug ceo Dick Scott, is himself a beneficiary of those management changes. At this point, he said, virtually all administrative and support functions for American Drug are based in Oak Brook, Ill., with "some buyers in Dallas [for the Skaggs division] and some in California [to handle local buying for Sav-on]."

Scott told shareholders at the meeting that American was successfully meeting two of its main objectives: "To concentrate on improving our earnings and reduce our debt load." The company produced record

Continued on page 29

Mgmt.-investor group buying Austin Drug

EAST MEADOW, N.Y. — Austin Drug, a nine-store chain based on Long Island, is being sold to Austin Acquisition Corp., a group composed of outside investors and two minority shareholders who are members of management.

Interstate Cigar, which filed for Chapter 11 in U.S. Bankruptcy Court for the East District of New York, Westbury, in June 1990, owned about a 70 percent share of Austin. Its share went up for sale at auction in bankruptcy court May 29.

Howard Owen, previously vp-finance and one of two minority shareholders participating in the acquisition group, said he will be Austin's new president, replacing Gary Spielfogel, who left the chain May 30.

Gene Lerner, vp-store operations, is the other minority shareholder participating in the buy. Two other minority shareholders in the old company, Leonard Berger and Ronald Landman, opted not to participate in the acquiring group, but will continue to work for Austin, Owen said. Both are in pharmacy operations.

Abraham Schwartz, an outside investor in Austin Acquisition, has been named treasurer of Austin, Owen said.

Spielfogel, who as a principal of Interstate held a 6 percent-7 percent equity interest in Austin, assembled financing to acquire 100 percent of the chain, but withdrew his bid "without prejudice" before the auction.

A third bidder for Austin was Thriftway Drugs. Thriftway contested the court's decision favoring the management and investor group, but at a hearing in June, the court again ruled in favor of Austin Acquisition.

At press time, Owen indicated confidence that the closing on the $3 million loan with the current lender, CIT Factor, would go through by the June 30 deadline. The acquisition group made a $500,000 forfeitable deposit, he said, adding that financing for the new corporation will probably be through Chemical Bank.

Austin's annual sales are an estimated $45 million.

Green Seal unveils tissue litmus test

By Susan Ball

WASHINGTON — Green Seal, a nonprofit environmental labeling and consumer education organization, recently announced a proposed set of environmental criteria that toilet and facial tissue products must meet to obtain its seal of environmental approval.

It is the first standard the private sector organization has developed for a category since it was formed last year by environmentalist Denis Hayes, one of the founders of Earth Day and chairman of the event in 1990. Dr. Jerry Poje, Green Seal's vp-research, said the next category the program will focus on will be either motor oils or fine papers, followed by light bulbs or water-saving devices.

Green Seal distributed the proposed standard to some 1,400 manufacturers, retailers, government agencies and environmental and consumer groups in mid-June and issued a call for comments, due Aug. 9. A public hearing on the draft is scheduled for Aug. 28 at Green Seal's offices in Washington.

After reviewing the public input, the organization said it will set a final standard and invite manufacturers to submit tissue products for testing by an independent laboratory or laboratories. Green Seal said it expects to start awarding its seal in the fall to products that meet the final standard.

Poje said manufacturers will be charged a per-product fee—the range of which hasn't been determined yet—for the testing and annual monitoring.

Green Seal hasn't completed its lab arrangements, said vp-marketing Lynn Elsasser. "When our standards are finalized, we will set our final pricing," she said. "The standards will determine the testing costs. Our intent is to have fees that are affordable to manufacturers." (Green Cross, a competing labeling program, said pricing for its services ranges from $2,000 to $10,000 on average, per claim.)

The proposed criteria that tissue products must meet (spelled out in more detail in Green Seal's Call for Comments document) include:

- The product must consist of

Continued on page 6

Lyme Disease hits home for two city folk

IN THE MARKET
BRUCE BUCKLEY

Like many people who live in the city, my wife and I didn't pay much attention to the threat of Lyme Disease. Unlike country friends and family who make a nightly ritual of scrutinizing legs and bodies for swollen little ticks, we blithely ignored any possible threat to ourselves. After all, no deer roam the little park a block away from where we live in Queens, N.Y.

In fact, my wife would tell me later, when she got calls from worried parents about the threat of Lyme Disease, she treated them casually. She's an RN who works in a pediatric office in Manhattan, and she gets a lot of calls like that. Lyme Disease? Not to worry. That's not to say she put them in the same class as diaper rash or the common cold. She just didn't share their feeling of dread.

Possible spider bite

That's all changed. One night a couple of weeks back, she asked me to check out a couple of bites on her leg. They had begun to itch during the day. She was afraid it was the work of a spider. Ever since her hand blew up after being bitten by a spider on a wilderness canoe trip several years ago, she's been terrified of spiders. I looked at the bites. They weren't swollen, so they couldn't have been caused by mosquitoes, as I first suspected. They were surrounded by a ring, like the moon when a storm's coming. A red ring.

Lyme shot into my mind, but I didn't say anything. "Might be a spider," is what I did say. The next day I said, "Maybe you ought to have a Lyme test done in the office." She was skeptical. Where could she have been bitten? Perhaps on a weekend trip to Vermont on the Memorial Day weekend, I suggested.

Magic bullet

A week later the result came back from Stony Brook Medical Center on Long Island. Reactive, meaning positive. Not even borderline. For her, in a way, it was a relief to know what was causing those achy knees and shoulder joints and periodic feelings of utter exhaustion. It was caused by a nasty little organism that can burrow deep and bring on severe illness if left undetected. Fortunately pharmaceutical science has provided some swift magic bullets to combat the little invaders. Fortunately, too, the onset was diagnosed quickly.

For Joan the magic bullet was the systemic tetracycline named Declomycin. Taken twice a day for two weeks, the drug is said to be highly effective against the spirochete that causes Lyme. She's in the middle of the two-week course of treatment, but no longer worried. The aching joints have begun to subside.

As a sidelight, it wasn't easy to get the drug. Our local chain pharmacy, where we do most of our drug store shopping, was out of stock. The pharmacist called around to several nearby stores in the chain, and they had none either. Could we wait a day for an order to come in? No way, my wife said.

Warning

The pharmacist, who knows my wife is a nurse, did talk about precautions. Don't take any antacids, she said, and stay out of the sun, you can broil. Interestingly, the pharmacist staffing the independent drug store where my wife finally located a supply after many calls offered no such warnings.

This pharmacist silently took the $100 and handed her the package. So much for stereotypes about chain and independent pharmacists. People are just, well, people.

Is discussing third-party programs a conspiracy?

WASHINGTON PERSPECTIVE
KEN RANKIN

Strange things are happening here in Washington.

Over at the the Supreme Court, First Amendment advocates are arguing that nude bar room dancing is a Constitutionally-protected expression of speech.

Meanwhile, six blocks away at the Federal Trade Commission, an administrative law judge effectively ruled that drug stores have no right, constitutional or otherwise, to jointly discuss the pros and cons of being in various third-party prescription drug programs.

According to the FTC ALJ, Oakfield, N.Y.-based Peterson Drug illegally conspired with a number of other New York state drug chains to boycott a third-party prescription drug program during the mid-1980s.

The judge's decision caps some three years of investigations and regulatory proceedings surrounding an aborted attempt by administrators of a third-party prescription plan for New York state employees to set unrealistically low reimbursement levels to pharmacies.

Following meetings to discuss the new reimbursement plan, many chains, as well as independent druggists, declined to take part in the program. So many rejected the arrangement that the state recanted and developed a more acceptable reimbursement formula.

FTC antitrusters in Washington cried foul and charged a number of chains and independents with conspiring to engage in an illegal boycott of the New York plan. All the defendants except Peterson settled with FTC by signing consent orders agreeing to refrain from third-party "boycotts."

Last month's ruling against Peterson, if upheld, will not only bar the chain from entering into third-party boycott agreements in the future, but will also prohibit the company from informing other pharmacies whether it will participate in various third-party drug programs.

There are legitimate reasons for Peterson Drug to discuss the advantages and drawbacks of participation in third-party drug plans—reasons that have nothing to do with conspiracies to boycott programs.

Third-party programs establish the terms for participation by pharmacies and offer those terms on a take-it-or-leave-it basis. Sometimes, reimbursement levels are set so low that participating pharmacies may actually lose money by filling these prescriptions. But if a significant number of drug stores in the area participate in that program, it may be financial suicide to turn down the third-party's reimbursement ultimatum.

However, not all third-party plans attract high levels of pharmacy participation. Drug stores can safely decline to participate in these programs if reimbursement terms are unreasonable.

The point is that drug stores have a legitimate reason to determine the degree of participation in third-party plans by other retail pharmacies. Indeed, without this information, it may be impossible to make an informed decision on whether or not to participate.

Does the sharing of this information constitute proof of a conspiracy to boycott third-party plans? I don't think so.

As long as pharmacies don't mutually agree on a course of action, shouldn't they be allowed to discuss their options with one another?

DRUG STORE NEWS®

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
(212) 756-5000
Subscription Services:
(813) 664-6707
Cable Address: LEBHAFRIED
Panafax: (212) 838-9487

VP/Publisher **JAY FORBES**
Editor **BRUCE BUCKLEY**

Executive Editor **Al Heller**
Senior Desk Editor **Bernadette Casey**
Special Projects Editor **Elizabeth Parks**
Senior Editor **David Vaczek**
Senior Editor **Susan Ball**
Desk Editor **Carol Kearney**
Assistant Desk Editor **Fred Rueckher**

Bureau Editors: **James Frederick** (Sr. Editor, Cleveland; (216) 642-3420), **Elizabeth Richardson** (Field Editor, Dallas; (214) 964-1778), **Ken Rankin** (Bureau Chief, Washington; (301) 774-3895), **Deane Evans** (Washington)

Art Director **Bob Brokman**
Graphic Artist **Maryellen Seery**

Associate Publisher/
National Adv. Manager **JILL MANEE**

REGIONAL SALES OFFICES

New York
Nat'l Accounts Manager **Larry Krongold**
N.Y. Area Manager **Dan Bagan**
N.Y. Area Manager **John Kenlon**
Boston 1 Gateway Center, Newton, MA 02158, (617) 527-6394
Regional Manager: **James Malver**
Office Manager: **Angela Ftaras**
Chicago 444 N. Michigan Ave., Chicago, IL 60611, (312) 644-8688
Area Manager: **Maggie Kaeppel**
Office Manager: **Beverly Wendtland**
Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004, (213) 464-8321
Office Manager: **Maureen Jackson**

Nat'l Director of Field Marketing & Circulation Services **Jim Dickison**
Circulation Director **Ken Turtoro**
Circulation List Manager **Vicki White**
Director of Manufacturing **Stan Kaufman**
Advertising Production Mgr.
Debbie Rothenberg
Business Manager **Joel Safir**

Board of Advisers

Judie Doherty, McKesson Corp.
Bill Edwards A. L. Price
Don Gross Genovese Drug Stores Inc.
John Jennings Brooks Drug, Inc.
Tim McAleer Pay Less Drug Stores NW
Frank Newman F & M Distributors
David Schwartz Perry Drug Stores
Gary Wilber Drug Emporium
Ron Ziegler NACDS

Board of Pharmacy Advisers

Ken Anderson SupeRx Corp.
Clarence Archer Wal-Mart
Marty Belitz Shoppers Drug Mart
Len DeMino NACDS
Paul DiGrazia Safeway Stores Inc.
Phillip R. Engle Bergen Brunswig Corp.
Robert King FoxMeyer Corp.
Howard Kramer K mart Corp.
Joseph Polastri McKesson Corp.
Saul Schneider K&B Inc.
Bob Shapiro Perry Drug Stores Inc.
Charles W. Trefrey NWDA
Michael Wildermuth Kroger Co.

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
VP/Administration **Harry A. Estes**
VP/Publisher **Fred Filer**
VP/Publisher **Jay Forbes**
VP/Finance **James Granato**
VP/Circulation **Martha Pattley**
VP/Publisher **John Rapuzzi**
Director, Human Resources **John Murro**
Director, Corporate Development **John O'Brien**

Japan Diamond-Friedman Ltd. Chain Store Age Japan 1-4-2 Kasumigaseki, Chiyoda-ku Tokyo, Japan, 504-6750

The Audit Bureau · MPA · ABP

Publisher of Drug Store News, Accounting Today, Discount Store News, Nation's Restaurant News, National Home Center News, Chain Store Age Executive (with Shopping Center Age), Food Merchandising, Home Market Trends, Supermarket HQ Quarterly, and *APPAREL merchandising*. Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Subscriptions
Call (813) 664-6707
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, Drug Store News, P.O. Box 31182, Tampa, FL 33631-3182

Permissions
Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Jay Forbes, publisher, Drug Store News, 425 Park Ave., New York, NY 10022.

A checkstand at Wellby, Falmouth, Me., displays bar candy and gum on shelves and small Whitman's boxes atop counter.

In health survey candy is shortchanged

Consumers sugar-coat certain foods as healthy and shortchange the diet-sweetening potential of candy, findings of a recent National Confectioners Association survey indicate.

Adult respondents to a nationwide telephone poll consistently overestimated the levels of fat, cholesterol and calories in certain candy items, while overrating some snack foods perceived as "healthy," the survey found.

Cambridge Reports, in a random sample, surveyed 1,250 persons for the NCA study. Lancaster Labs, Lancaster, Pa. tested the content levels in the food and candy products. The survey focused on eight specific candy and food items, asking consumers to rank them on their contents.

The results show a gap between perception and reality:

- Nearly 75 percent of the surveyed felt a chocolate bar had a medium or high level of cholesterol. Actually, a 1.65 ounce bar contains 12 milligrams cholesterol, less than seven milligrams per ounce; while a one ounce piece of cheddar cheese contains 30 milligrams.
- Respondents incorrectly favored breadsticks over butterscotch discs on the subject of fat content. Thirty eight percent thought the discs were high in fat, while 58 percent felt breadsticks had a low to medium fat content. In fact, there is only one gram of fat in five butterscotch discs, a quarter of the fat contained in three breadsticks.
- A half cup of candy corn holds 110 calories; a half cup of raisins weighs in at 250 calories. Yet, 68 percent mistakenly said the candy corn was high or very high in calories, and 44 percent incorrectly said a half cup of raisins is low in calories.
- A one ounce serving of licorice twists contains only 10 milligrams of sodium. A 1.5-ounce serving of iced devil's food cake packs 241 milligrams.

People are eating more candy
(Per capita consumption)

Year	Pounds
1990	20.7
1989	19.8
1988	19.0
1987	18.3
1986	18.4

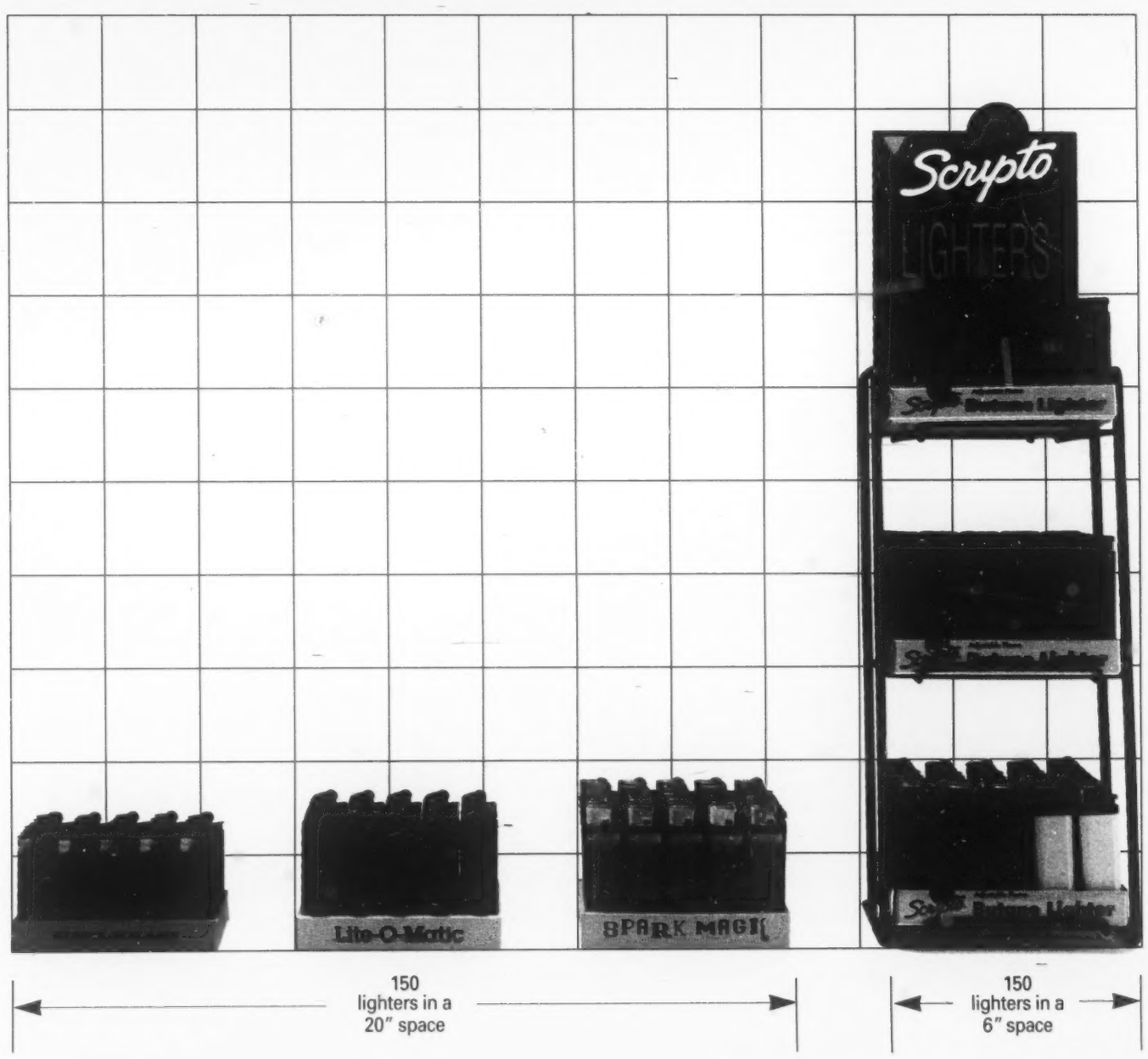
Source: National Confectioners Association.

Candy sales grow
(Mfr. sales, in billions)

1990	$9.70
1989	8.83
1988	8.38
1987	7.68
1986	7.68

Source: National Confectioners Association.

Scripto lighter sales are on the rise.



• There's a very good reason why many stores have noticed an increase in sales of Scripto lighters. • We call it Counter Intelligence. • Three reusable displays that let you triple the number of Scripto products you merchandise, all from one convenient counter display. • And even gives you the choice of what you want to display. • All sparkwheels. • Sparkwheels and electrics. • Or a combination of our lighters and Scripto pens. • Counter Intelligence. • It's a smart way of helping you clean up at the counter, so you can do the same at the cash register. • For more information call (800) 241-8552.

Scripto®

© 1991 Scripto-Tokai, Inc.

The healthcare professionals' **treatment of choice!**
HERPECIN-L®
Cold Sore Lip Balm. *"It Works!"*
Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

Hosiery market share
(of retail dollar sales)

Outlet	1988	1989	1990
Discount	22.4	20.6	25.3
Drug/grocery	26.4%	26.0%	22.2%
Department	14.5	15.7	15.0
Specialty	7.6	7.7	6.7
Other	29.1	30.0	30.8

Source: NPD Consumer Purchase Panel, National Association of Hosiery Manufacturers.

Impulse buying, demand for accessories help hosiery sales top $3 billion mark

The chain drug hosiery department has been a steady and seaworthy vessel in choppy economic waters over the past year, despite leakage in some highly competitive markets. Chain buyers report that hosiery sales have held up well in a difficult sales climate.

"I haven't seen a slowdown," said Alicia Edevane, hosiery buyer for I got it at Gary's in Eagleville, Penn. "Sales continue to go up . . . and margins are generally good."

Buyer D'Anna Evans reported that hosiery sales "remain strong and are still going up" at Seattle's Pay 'n Save Drug Stores, although she said the chain has not boosted department size in several years. And a buyer for a medium-sized drug chain in the Northeast told *Drug Store News* that sales "continue to be very strong" for both L'eggs and No-Nonsense.

Industrywide, sales of hosiery, socks and other soft goods flattened somewhat last year after a period of rapid growth, according to the National Association of Hosiery Manufacturers.

"The market is still down somewhat, but we have hopes that the industry will pick up again later this year," said NAHM spokesperson Gina Howard. "Over the last five years, with the exception of 1990, we've seen just phenomenal leaps and bounds in growth."

That growth has pushed the category past the $3 billion retail sales mark, including more than $2 billion for sheer and support pantyhose and nearly $1 billion more for control-top pantyhose. Stockings, knee-highs and anklets make up the rest of the market.

Several factors have been behind the boom in women's hosiery in recent years, including growing demand for working women in need of fashion accessories to spark up everyday wardrobes. The high-impulse nature of the category—thanks to low price points, eye-catching and sophisticated display techniques and promotional activity—has also fueled growth. At I got it at Gary's, for instance, in-line hosiery is positioned near the cosmetics section and occasionally at the checkstands to pull traffic and boost impulse sales, said Edevane.

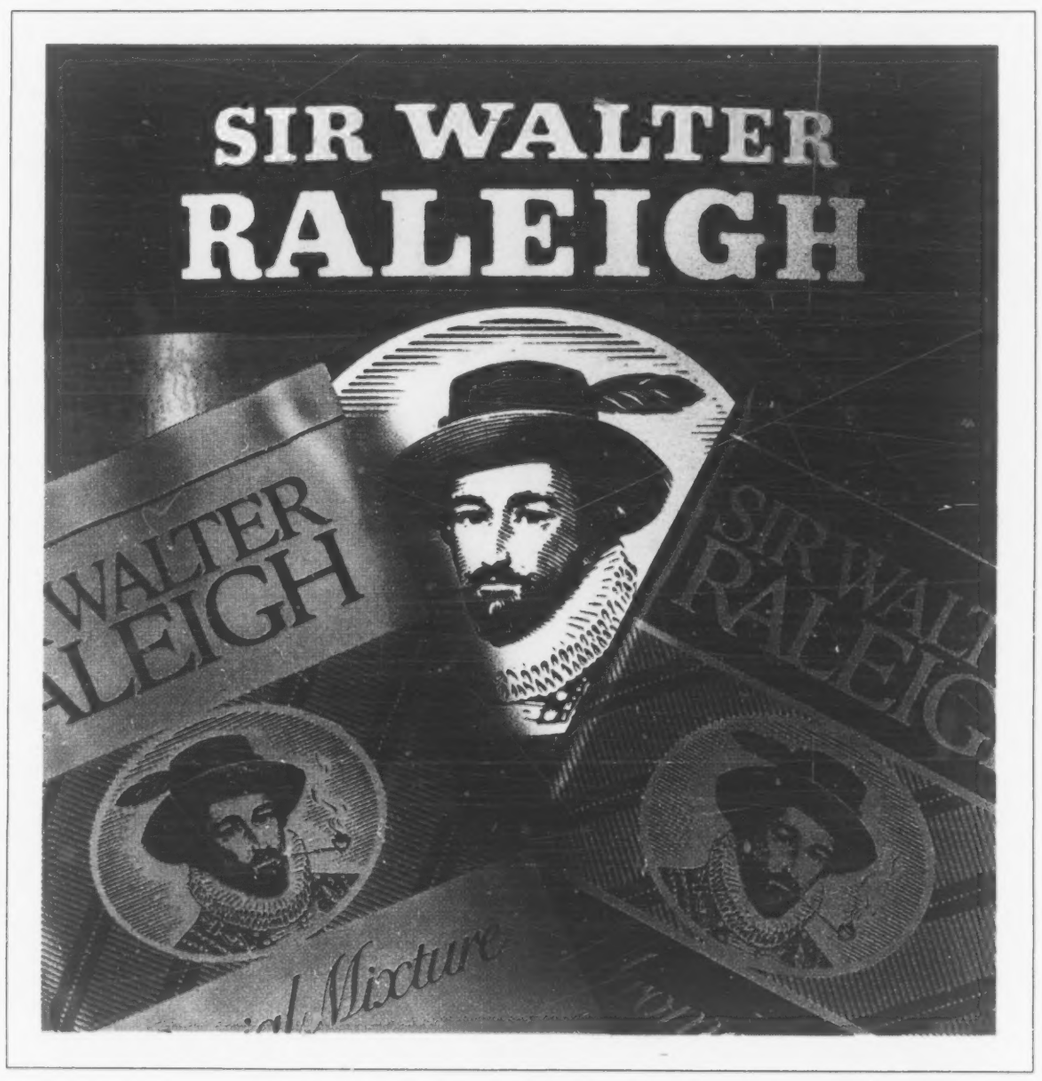
Also fueling dollar growth in the category has been growing demand for newer, less traditional fashion colors like black, off-black and navy.

"We see a lot of interest in the sheer blacks and in ivory, and people are starting to ask for navy," said one buyer.

Added Brad Worthley, vp-U.S. marketing for Canada's Siebruck Hosiery, "Navy blue is making trenendous gains, and black and off-black shades have replaced a lot of brown and suntan shades in some markets."

NAHM's Howard acknowledged that "the basic nude and brown pantyhose are still the biggest sellers," but added that "colors are a growth niche. We now seeing pale blues, pinks and greens, and a lot of ecology colors and earth tones."

Your Perfect Companion



For decades, Sir Walter Raleigh has been the perfect companion for pipe smokers. These distinctively mellow pipe tobaccos have accompanied them everywhere! To make Sir Walter Raleigh your perfect sales companion, take advantage of our comprehensive promotional program and high-impact POP materials to increase consumer awareness of this legendary brand. Stock all three styles — Regular, Aromatic and Special Mixture — in convenient pouches and resealable cans. Encourage your customers to Reach For A Friend.

B&W
Sets the Standard

BROWN & WILLIAMSON TOBACCO CORPORATION

SIR WALTER RALEIGH • BUGLER • KITE • JOHN HENRY • TUBE ROSE

© 1991 B&W T Co

The **only** cold sore treatment with **sunscreens. [SPF=10]**
Herpecin-L®
Cold Sore Lip Balm. *"It Works!"*
Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

Revco files reorg. plan

TWINSBURG, Ohio — In a series of painstaking steps aimed at lifting itself out of a three-year bankruptcy, Revco D.S. has filed both a lengthy disclosure statement and a plan of financial reorganization with U.S. Bankruptcy Court in recent weeks. Both must pass muster with Revco's battery of creditors and with the court before the 1,100-store chain can begin to emerge from Chapter 11.

The disclosure statement, filed June 27 and now under review by Revco's three creditors' committees, examines in detail how each class of creditor will be treated under the reorganization plan filed by Revco's board earlier in June. That plan calls for the chain to swap its $1.45 billion in debt obligations for a combination of equity in a post-bankrupt Revco, cash and new debt payment terms the company can manage out of existing cash flow.

If the plan is approved, suppliers who are owed millions by Revco, as well as holders of its several classes of junk bonds, would trade in their claims against the company for a big chunk of ownership in the reorganized firm.

The board's plan, which along with the disclosure statement is still under review by creditors, also seeks the dismissal of most litigation arising out of the company's 1986 leveraged buyout. However, Revco's plan would still allow for court action against Salomon Brothers, which acted as principal investment banker for the LBO, and against former Revco managers Sid and Marc Dworkin and Bill Edwards.

U.S. Bankruptcy Court set an Aug. 2, 1991 hearing date for approval of the disclosure statement. Once approved, it will be sent with the reorganization plan to all creditors and stockholders for a vote that could determine the company's future.

"This is a very important step toward bringing Revco out of bankruptcy," Revco chairman and ceo Boake Sells said of the disclosure statement. "We believe our plans will fairly distribute Revco's value."

Drug Store News (ISSN 0191-7587) is published biweekly—every other Monday, monthly in July and December —by Lebhar-Friedman Inc., 425 Park Ave., New York, N. Y. 10022. Subscription rates: in-field subscribers, retailers and wholesalers, one year (22 issues) $19.50; two years $35. Manufacturers and their representatives $45; schools, libraries and all other out-of-field subscribers $95. Foreign subscriptions: airmail only $125 per year.

Second-class postage paid at New York, N.Y. and additional mailing offices. Copyright © 1991 by Lebhar-Friedman Inc. All rights reserved. POSTMASTER: Please send address changes to Subscription Dept., Drug Store News, Box 3116, Grand Central Station, New York, NY 10164-0659. For change of address six weeks notice to Subscription Dept., Box 3116, Grand Central Station, New York, NY 10164-0659 is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 13, No. 13 July 15, 1991

- *Year round sales*
- *Holds full 24 hours*
- *No taste or odor*
- *Fits all dentures*

- Lower Regular 15's
- Lower Heavy 15's
- Upper Regular 12's
- Upper Heavy 12's

ezo® DENTURE CUSHIONS

Largest Selling Denture Liner.
National Newspaper Advertising.

MEDTECH LABORATORIES, INC.

3510 North Lake Creek Dr. • P.O. Box 1108
Jackson, Wyoming 83001 • 1-800-443-4908

Ask your wholesale or Medtech representative about EZO, or call us directly.

© 1990 Medtech Laboratories, Inc.

MARKET DIARY:

Largest Dollar Gainer	Fred Meyer	$ 3.00	Advances	18
Largest Dollar Loser	Lilly Eli Co.	$ – 5.63	Declines	36
Largest Percentage Gainer	Bolar Pharmaceutical	21.43%	Unchanged	4
Largest Percentage Loser	Columbia Labs	– 28.13%	New highs	7
			New lows	1

	Close 6/6/91	Close 6/28/91	Net Change	Percent Change
Drug Store News Index	4161.53	4073.18	– 88.34	– 2.12
Dow Jones Industrial Average	2994.86	2906.75	– 88.11	– 2.94
Standard & Poor's 500-Stock Index	383.63	371.16	– 12.47	– 3.25
N.Y.S.E. Composite	210.24	203.47	– 6.77	– 3.22
Value Line Index	245.98	234.36	– 11.62	– 4.72

Source: Nordby International Inc., Boulder, Colo.

Exch	Company	Ticker Symbol	Closing Price 6/6/91	Closing Price 6/28/91	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
Chain store transactions											
OTC	Accuhealth Inc.	ACCU	6.63	6.75	0.13	1.89	26	0.00	0.00	7.56	4.50
OTC	Arbor Drugs	ARBR	19.[illegible]	18.50	– 1.00	– 5.13	22	0.12	0.65	19.88	8.88
OTC	Big B	BIGB	13.75	13.25	– 0.50	– 3.64	–	0.16	1.21	14.50	4.75
OTC	Drug Emporium	DEMP	8.75	8.25	– 0.50	– 5.71	16	0.12	1.45	11.00	6.63
NYS	Fay's Inc.	FAY	14.63	14.00	– 0.63	– 4.27	17	0.20	1.43	15.75	7.25
ASE	Genovese Drug (H)	GDX.A	11.50	12.13	0.63	5.43	15	0.24	1.98	12.50	5.00
NYS	Longs Drug Stores (H)	LDG	43.25	44.00	0.75	1.73	15	1.08	2.45	44.38	30.88
OTC	Medicine Shoppe	MSII	23.25	20.50	– 2.75	– 11.83	17	0.24	1.17	28.75	15.50
NYS	Perry Drug	PDS	7.50	7.38	– 0.13	– 1.67	– 148	0.00	0.00	9.88	3.75
NYS	Rite Aid Corp.	RAD	41.25	42.63	1.38	3.33	16	1.00	2.35	47.75	29.50
NYS	Walgreen Co.	WAG	32.88	33.25	0.38	1.14	22	0.44	1.32	35.88	21.13
Wholesaler's transactions											
ASE	Bergen Brunswig	BBC	27.00	25.13	– 1.88	– 6.94	13	0.40	1.59	32.75	21.38
OTC	Bindley Western Ind.	BIND	15.88	14.13	– 1.75	– 11.02	13	0.04	0.28	18.13	8.63
OTC	Cardinal Distribution (H)	CDIC	39.00	37.38	– 1.63	– 4.17	29	0.08	0.21	41.50	18.50
OTC	Durr-Fillauer	DUFM	30.50	32.00	1.50	4.92	23	0.28	0.88	34.75	16.00
ASE	Ketchum	KCH	2.38	2.38	0.00	0.00	– 6	0.00	0.00	2.75	1.25
NYS	McKesson Corp.	MCK	35.13	33.00	– 2.13	– 6.05	13	1.60	4.85	37.13	26.88
ASE	Moore Medical	MMD	6.13	6.00	– 0.13	– 2.04	40	0.00	0.00	9.25	3.50
NYS	Owens & Minor (H)	OMI	23.00	23.00	0.00	0.00	21	0.20	0.87	24.00	10.88
Manufacturer's transactions											
NYS	Abbott Labs	ABT	50.00	51.75	1.75	3.50	23	1.00	1.93	54.00	34.50
NYS	American Home Products	AHP	59.38	59.63	0.25	0.42	15	2.28	3.82	63.88	43.00
ASE	Barr Laboratories	BRL	18.50	18.75	0.25	1.35	40	0.00	0.00	19.88	5.38
NYS	Baxter International	BAX	33.13	32.25	– 0.88	– 2.64	18	0.72	2.23	37.13	21.50
OTC	Block Drugs Co.	BLOCA	55.00	55.00	0.00	0.00	19	0.80	1.45	57.50	29.63
ASE	Bolar Pharmaceutical	BLR	3.50	4.25	0.75	21.43	– 2	0.00	0.00	6.75	1.88
NYS	Bristol-Myers Squibb	BMY	79.25	77.75	– 1.50	– 1.89	22	2.40	3.09	84.88	55.38
NYS	Carter-Wallace	CAR	62.50	65.13	2.63	4.20	19	0.92	1.41	68.00	44.88
ASE	Columbia Labs	COB	8.00	5.75	– 2.25	– 28.13	– 4	0.00	0.00	10.88	3.63
ASE	Forest Labs	FRX	35.63	36.00	0.38	1.05	40	0.00	0.00	42.13	19.00
ASE	Halsey Drug	HDG	5.25	5.00	– 0.25	– 4.76	26	0.00	0.00	5.94	2.13
NYS	ICN Pharmaceutical	ICN	5.13	5.25	0.13	2.44	– 3	0.00	0.00	6.13	2.50
ASE	Lee Pharmaceutical	LPH	1.25	1.13	– 0.13	– 10.00	– 3	0.00	0.00	2.63	0.88
ASE	Leiner P. Nutrition	PLI	11.25	10.88	– 0.38	– 3.33	10	0.00	0.00	13.38	6.75
NYS	Lilly Eli Co.	LLY	77.50	71.88	– 5.63	– 7.26	18	2.00	2.78	90.38	65.63
NYS	Marion Merrell Dow	MKC	34.75	34.75	0.00	0.00	19	0.92	2.65	39.63	25.25
NYS	Merck Co.	MRK	114.88	116.13	1.25	1.09	24	2.24	1.93	122.88	72.38
NYS	Mylan Labs	MYL	25.75	24.25	– 1.50	– 5.83	27	0.20	0.82	28.00	13.75
NYS	Par Pharmaceutical	PRX	3.00	3.13	0.13	4.17	– 2	0.00	0.00	8.13	2.63
NYS	Pfizer Inc.	PFE	56.25	55.50	– 0.75	– 1.33	23	1.32	2.38	60.50	31.88
NYS	Rhone-Poulenc Rorer (s)(H)	RPR	42.25	41.75	– 0.50	– 1.18	174	0.44	1.05	42.75	28.38
NYS	Schering Plough	SGP	50.88	49.75	– 1.13	– 2.21	19	1.32	2.65	54.00	40.38
NYS	Syntex Corp.	SYN	38.50	38.25	– 0.25	– 0.65	21	0.92	2.41	43.75	24.63
OTC	Taro-Vit Industries	TAROF	4.25	4.13	– 0.13	– 2.94	59	0.00	0.00	4.25	1.13
NYS	Upjohn Co.	UPJ	45.63	42.38	– 3.25	– 7.12	16	1.16	2.74	49.25	33.00
NYS	Warner-Lambert	WLA	71.50	72.50	1.00	1.40	19	1.76	2.43	82.25	56.50
OTC	Zenith Labs (H)	ZENL	13.00	11.50	– 1.50	– 11.54	18	0.00	0.00	15.50	5.00
Other retailer transactions											
NYS	Albertson's	ABS	42.88	41.00	– 1.88	– 4.37	23	0.56	1.37	51.38	28.00
NYS	American Stores	ASC	85.50	82.50	– 3.00	– 3.51	15	1.12	1.36	92.38	42.63
NYS	Giant Food	GFS.A	29.50	29.38	– 0.13	– 0.42	14	0.64	2.18	31.25	21.13
NYS	Great Atlantic&Pacific Tea	GAP	47.25	43.38	– 3.88	– 8.20	11	0.80	1.84	58.63	37.75
NYS	Kmart	KM	47.75	45.25	– 2.50	– 5.24	12	1.76	3.89	49.50	23.38
NYS	Kroger	KR	22.63	21.38	– 1.25	– 5.52	18	0.00	0.00	24.50	10.63
NYS	Melville Corp.	MES	52.50	48.50	– 4.00	– 7.62	14	1.44	2.97	57.75	32.75
OTC	Fred Meyer (H)	MEYR	16.75	19.75	3.00	17.91	14	0.00	0.00	19.75	10.00
NYS	Penney, JC	JCP	53.75	53.00	– 0.75	– 1.40	13	2.64	4.98	61.38	37.38
NYS	Safeway	SWY	19.50	18.38	– 1.13	– 5.77	18	0.00	0.00	21.63	10.25
NYS	Smith's Food & Drug	SFD	39.50	36.63	– 2.88	– 7.28	25	0.36	0.98	43.75	24.75
NYS	Wal-Mart	WMT	41.88	42.75	0.88	2.09	36	0.16	0.37	44.25	24.88

NOTE: Rhone-Poulenc Rorer completed a 2-for-1 stock split.

Key: (H) = New annual high reached in the bi-weekly period. (L) = New annual low reached in the bi-weekly period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.

Source: Nordby International, Inc., Boulder, Colorado (303) 449-0326.

DRUG STORE NEWS

VOL. 1 NO. 7 | The Journal of Retail Pharmacy | JULY 15, 1991

for the PHARMACIST

NEWS FOCUS

● Responding to criticism from retail pharmacists, the Arthritis Foundation has scrapped its controversial mail order drug program. The flap erupted when officials at NARD made the "shocking discovery" that CIBA was distributing coupons in pharmacies offering purchasers of its Q-Vel leg cramp remedy discounts on membership in the foundation's mail order drug program. The druggists squawked, CIBA promptly cancelled the promo, and the foundation followed suit by ditching mail program altogether.

● Look for some key changes at FDA to cut the backlog of generic drug approvals and speed the ANDA process. One proposal would concentrate approval energies on "blockbuster" generics—drugs likely to produce significant economic savings in the marketplace. Another FDA plan would "encourage" pioneer drug manufacturers to share production tips with generic competitors in return for a carrot: extended patent life for their products.

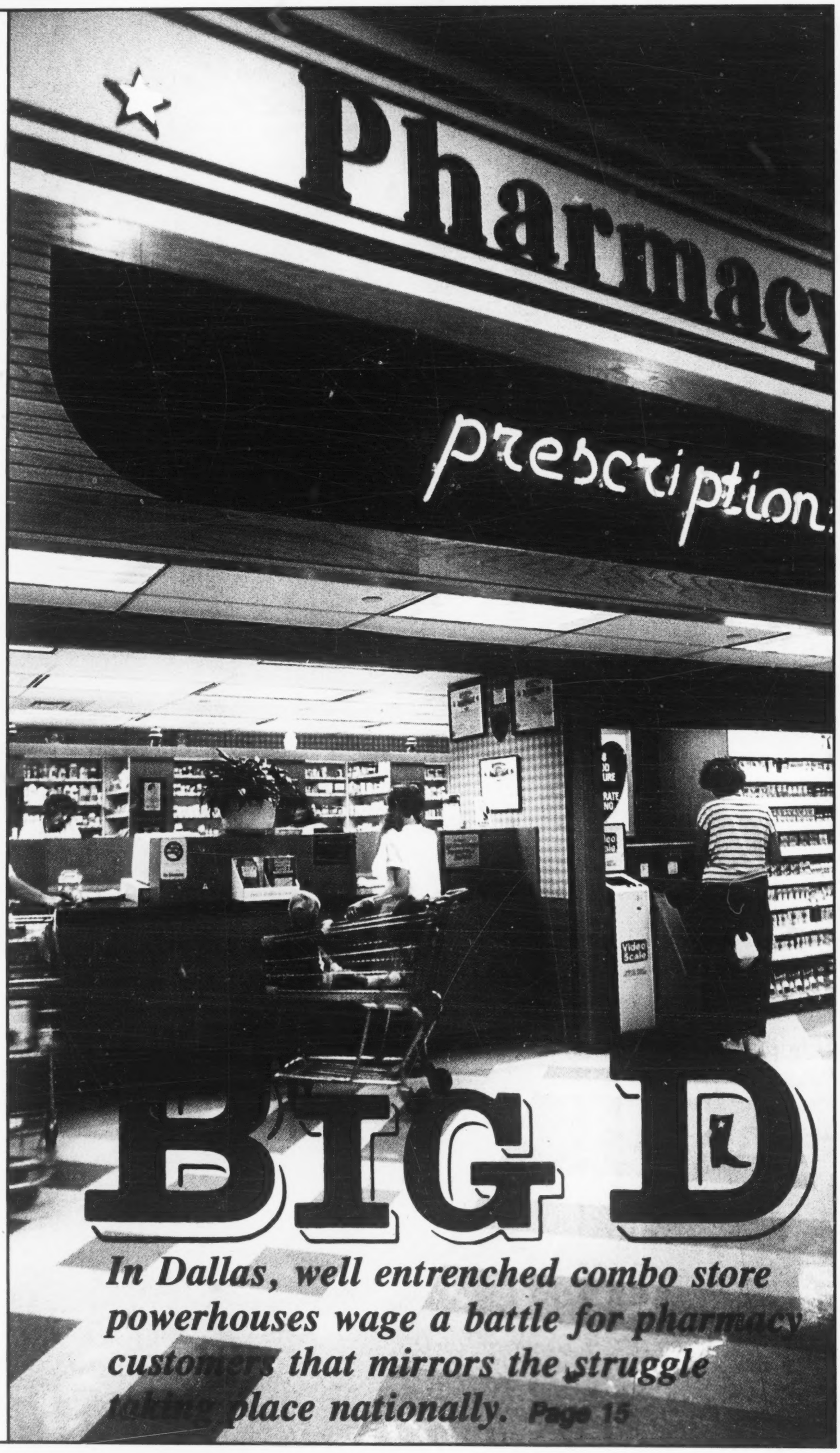
FEATURES

21
Merchandising feature:
Cough/Cold update

34
Independent focus:
First Aid innovation

DEPARTMENTS

3 News & trends
4 Editorial/ letters
6 Statewire
8 Third-party news
13 Drugwatch
18 Wholesaler news
26 Product update
30 Planogram: fem. hyg.
32 Healthtalk
37 CE: AIDS



BIG D

In Dallas, well entrenched combo store powerhouses wage a battle for pharmacy customers that mirrors the struggle taking place nationally. **Page 15**

Retailers rebound under the 'Big D'

By Elizabeth Richardson

DALLAS — The rebound is under way for retailers in "Big D."

So deeply recessed in the late '80s, Dallas has recently experienced more upbeat economic conditions, and that is welcome news for pharmacy operators in this highly diversified market.

Yet, pharmacy is different in Dallas than in most markets. With the successful retailing experiments of the '70s, "Big D" evolved into "Big C"—indicative of the combination stores that have developed into such retail powerhouses here.

Combo hotbed

Since the short-lived Skaggs-Albertson's partnership of the '70s, Dallas has been a hotbed of food/drug combo experimentation. Currently, the market hosts seven combo operators. Together they command a 42 percent share of the pharmacy market, according to the most recent figures compiled by Metro Market Studies.

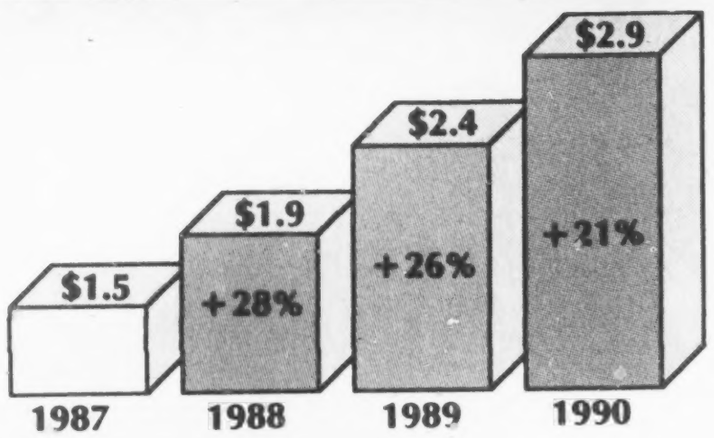
They are nationally operating Albertson's, Kroger, Winn Dixie and American Stores' Skaggs Alpha Beta; and heavy hitting local players Tom Thumb Page, Minyard Food Stores (and its Sack 'N Save division) and Brookshire's.

Since the departure of Revco, Eckerd Drug and Drug Emporium remain the only national drug chains with strength in the Dallas market.

The Metroplex also houses strong local chains, including True Quality and Town and Country, as well as several hundred independents scattered throughout the area. Also roiling the market are deep discounters Fazio's and Texas Drug Warehouse, and discount department store powerhouses Kmart and Wal-Mart.

Rx sales soar in combos

(Wholesaler acquisition cost in billions)



Source: Wholesaler acquisition cost. Towne-Oller & Associates, Inc.

Population soared

Fueling the growth in retail operations has been the explosive population growth of the Dallas/Fort Worth market, beginning in the '70's. In 1970, the population of the area was just over 2.3 million, according the U.S. Bureau of the Census. In 1990, nearly 3.9 million people covered the 100-mile area between the city limits of the two cities.

Wielding their strengths, combos became dominant in the market by offering one-stop shopping convenience, enormous selection, and growing pharmacy departments. Demographic trends, insightful business decisions and a little bit of risk taking also worked in their favor.

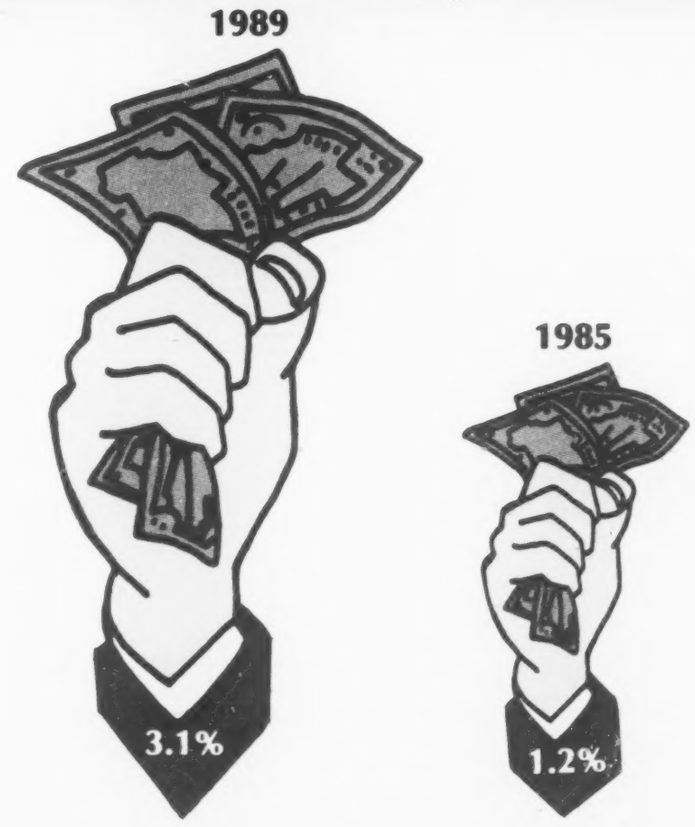
"I think that early on, the grocery operators thought they would sell their drugs just like they sold groceries," said Phil Smith, partner in the Dallas Arthur Andersen retail group. "They found out very quickly that it was a different animal. It took a while, but they got the right people in to set up their approach and methodology to pharmacy. And in this market, combo pharmacy is now a fully accepted retail segment."

Risks in real estate also helped prompt combo growth. "Companies had to go way out in the middle of nowhere to get land costs that made sense," Smith continued. "They would move their stores to the edge of the population areas, on raw land, hoping that housing developers would build. Now, those sites are in the *middle* of suburban areas, with thousands of houses surrounding them."

Analysts also agree that strategic placement of stores in strip mall shopping centers had a lot to do with their success. "Many would actually build their own centers, with the combo as the anchor," said one local analyst. "That would effectively eliminate their competition. You don't see many drugs stores—either chain or independents—sitting next door to a Tom Thumb Page. And that's what they're counting on."

Rx grabs bigger share of food store sales

(% of total store sales)

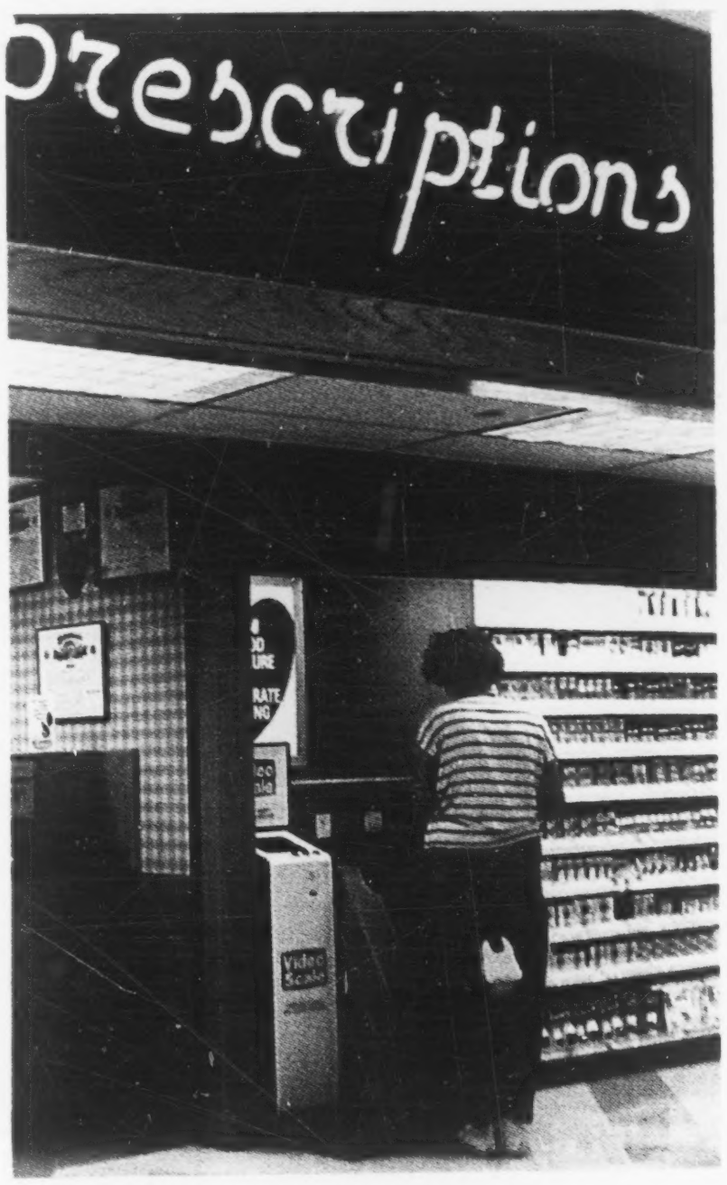


Source: FMI 1989 Supermarket Pharmacy Study.

Location: key to loyalty

Customer loyalty is hard to come by in

Continued on page 17



Rx retailers rebounding under the 'Big D'

Continued from page 15

the market, with so many choices available. More often than not, in a market where an automobile is not just a convenience but a necessity, price and service have less impact than where the store is located, how accessible the parking lot is and whether involvement in major traffic areas is necessary in reaching the location.

Niche touches and musts

While operators in the area are highly involved in customer service, each has carved out a specific niche in which to lure its customers. These niches don't necessary involve tactics that might be considered selling points in other markets, however. In the energetic Dallas market, prompt checkout isn't just a nice touch, it's a must. Twenty-four hour stores aren't just an advantage they're a given.

Tom Thumb Page, which operates 37 combos, 15 free-standing drug stores and two discount stores in the area, pulls in its customers with flexible merchandising mixes. "Your particular image to the customer is what makes you different," said Lee Roy Treadway, vp, pharmacy operations. "Our primary focus is high merchandise levels. We're competitive in pricing, but we're not a low price leader and don't try to be."

Skaggs Alpha Beta, strong in this market since its venture with Albertson's in the '70s, will have new challenges to face as it becomes part of the Osco drug network. Since February, the stores have been under the umbrella of American Drug Stores, giving the Oakbrook, Ill.-based Osco operational and merchandising control. The move promises to bring the Skaggs stores into the forefront with improved merchandising, new formats and even a new name.

New identity for Skaggs

While the stores still flag the Skaggs Alpha Beta banner, David Maher, ceo and president of American Drug Stores, told *Drug Store News* that the stores will be headed under the Osco name eventually.

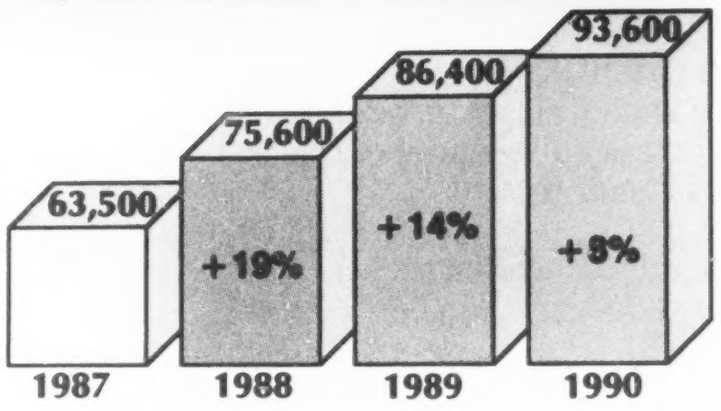
Kroger nurtures its strength in the market by allowing more leverage with decisions at the local level. This proves to be a big advantage for store managers to grab their share of the pie in the highly competitive Dallas market. Chainwide, the company is placing more emphasis on the service components of pharmacy, such as computerized record-keeping and immediate verification of insurance eligibility, which helps Kroger stand out as a service-oriented company.

A roar from afar

Kroger and other D/FW retailers will have to contend with a new entry in the market by the beginning of next year. Food Lion, the eastern grocery chain firebrand is entering the market, with 40 stores slated for the area within a year. The company has already been promoting ads featuring slashed prices.

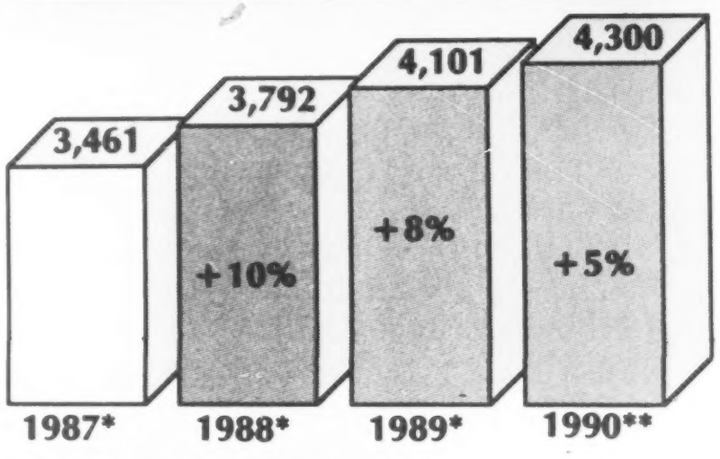
Food Lion's stores won't house pharmacies, which may cause them some problems. "This area is used to one-stop shopping," said one Tom Thumb Page pharmacist. "Sure, customers may shop there a few times to check out their prices, but once they need their medications, they'll realize it's easier and more convenient to shop us, rather than having to make two or three additional stops."

Rx unit shipments: strong growth
(Total Rx packages received by combo stores, in thousands)



Source:-Towne-Oller & Associates, Inc.

Food/drug combos show steady growth



*Towne-Oller & Associates.
**Towne-Oller and Chain Store Guide.

While some retailers contend the market will be drastically overstored with existing outlets and Food Lion's entry, combo store operators still expect to grow in the market. Kroger, which has 77 stores—59 with pharmacies—plans to open two-to-three new locations in '91. Minyard Food Stores and Sack 'N Save, with 52 and 18 locations respectively, expect similar growth, and Tom Thumb Page expects four new locations to be operating by year's end.

"Yes, it's a difficult market and it takes time to build a drug business," said Tom Thumb's Treadway. "But getting your name out there is what it's all about. The marketplace has seen tremendous growth in the last few years. We believe strongly in the Metroplex, and that growth. The area has proven itself to be accepting of our type of service, and we'll continue to do whatever it takes to keep the customer happy."

One-stop stores grow nationally

Dallas is a prime example of combo growth nationally, as these one-stop stores become the norm all over the country. Since 1970, combo store counts are up 24 percent, according to Towne-Oller. Since 1988, the average annual growth in food store pharmacy sales has exceeded the total market by almost three to one, the audit reported.

Much of this growth is due to convenience. Customers shop food/drug combos an average of nine times per month, compared to just three visits to a chain drug store, says Towne-Oller. And, more and more are buying their HBA products in combos as well.

A Safeway Store Study reported that the addition of a pharmacy department can increase HBA sales up to 39 percent.

"Combo pharmacies have been known to have tremendous impact on OTC sales, vitamins and medicated items," said David Spohr, HBC merchandiser for the grocery distributor Fleming Companies, Inc. "The beauty items do well too, but pharmacy really drives the OTCs."